

21

**AMENDMENT TO H.R. 5658**  
**OFFERED BY MR. ELLSWORTH OF INDIANA**

In the appropriate place in title VIII, insert the following:

1 **SEC. 8\_\_.** **REQUIREMENT FOR DEFENSE CONTRACT**  
2 **CLAUSE PROHIBITING CERTAIN USES OF**  
3 **FOREIGN SHELL COMPANIES.**

4 (a) **CONTRACT CLAUSE REQUIREMENT.**—Not later  
5 than 180 days after the date of the enactment of this Act,  
6 the Federal Acquisition Regulation shall be revised to re-  
7 quire each contract awarded by the Department of De-  
8 fense to contain a clause prohibiting the contractor from  
9 performing the contract using a subsidiary or subcon-  
10 tractor that is a foreign shell company if the foreign shell  
11 company will perform the work of the contract or sub-  
12 contract using United States citizens or permanent resi-  
13 dents of the United States.

14 (b) **FOREIGN SHELL COMPANY.**—In this section, the  
15 term “foreign shell company” means an entity—

16 (1) that is incorporated outside the United  
17 States or Canada; and

1           (2) that does not manage, direct, or exercise  
2           operational control over personnel performing work  
3           under a contract of the entity.

4           (c) APPLICABILITY.—The contract clause required by  
5           this section shall apply to contracts in amounts greater  
6           than the simplified acquisition threshold (as defined in  
7           section 2302a of title 10, United States Code) entered into  
8           after the 210-day period beginning on the date of the en-  
9           actment of this Act.

